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TREASURY FOR UNDER SECRETARY ADAMS
USDOC FOR 4430/ITA/MAC/ SBERLINGUETTE
USDOC PASS TO USPTO FOR PETER FOWLER

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SUBJECT: AMBASSADOR'S MEETING WITH TRADE AND INDUSTRY
SECRETARY FAVILA: IPR, BILATERAL TRADE, DOHA ROUND

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SUMMARY

11. (SBU) In her first meeting with Trade and Industry
Secretary Peter Favila on April 25, the Ambassador focused

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discussion on intellectual property rights (IPR), our
bilateral trade relationship, and the WTO Doha Round
negotiations. Favila and other senior GRP leadership
continue to highlight strategies to further improve IPR
protection and expressed readiness to work with us to
realize concrete results. The Ambassador and Favila agreed
that we share a strong bilateral trade relationship that
could eventually grow even stronger under a Free Trade
Agreement (FTA). Neither government, however, is prepared
to enter into negotiations at this time. Favila reaffirmed
GRP support for the U.S. position in the WTO Doha Round.
The meeting reinforced a positive, cooperative relationship
and set the stage for continued engagement on trade and
investment. End Summary.

12. (SBU) The Ambassador, accompanied by Econ Counselor,
Commercial Counselor, and Econ Officer, met with Trade and
Industry Secretary Peter Favila on April 25. Favila was
accompanied by Director General Adrian Cristobal of the
Intellectual Property Office (IPO), Foreign Trade Service
Officer Michelle Sanchez, Bureau of International Trade
Relations (BITR) Director Butch Benedictos, and BITR
Assistant Arlene Ligad. The Ambassador congratulated Favila
for the GRP's recent progress on improving its intellectual
property rights (IPR) protection regime. Favila had just
recently returned from a GRP "economic roadshow" with
Finance Secretary Gary Teves in London and New York. He
said that the trip went well, and they received a positive
review with particularly encouraging commentary from the
business community in New York.

13. (SBU) Favila said that the GRP appreciates the USG's
recognition of improvements in the country's IPR regime, but

acknowledged that much still needs to be done. Accordingly, the GRP has outlined strategies to ensure further progress in the months ahead. Favila said that he had also recently met with the Chinese Ambassador to raise serious concerns about the smuggling of counterfeit and pirated goods from China to the Philippines.

¶4. (SBU) Cristobal requested assistance in facilitating meetings with U.S. stakeholders, namely the International Intellectual Property Alliance (IIPA) and the American Publishers Association. Cristobal said that interaction with IIPA and some other stakeholders is limited to industry's 301 submissions to USTR, which are often unfavorable to the Philippines. Cristobal underscored that IPO would welcome opportunities to dialogue with these stakeholders. Cristobal also requested that the USG and U.S. industry work with the IPO to facilitate copyright licensing programs for universities in order to make educational texts affordable. Cristobal noted the importance of USG support for IPO's current approach that strikes a balance between IPR education and enforcement, rather than enforcement alone. He added that enforcement is improving, citing 28 IPR convictions in the first quarter of ¶2006. Cristobal also expressed appreciation for the many training opportunities provided to the Philippines by the U.S. Patent and Trademark Office.

¶5. (SBU) In response to U.S. auto industry concerns about a new tariff regime for vehicle imports, which is part of the Japan Philippines Economic Partnership Agreement (JPEPA) negotiations, Favila said that the GRP has consulted extensively with Ford Philippines and is addressing Ford's concerns. The Ambassador, on behalf of Ford, conveyed appreciation for GRP efforts and explained that Ford wants to ensure that it has ample time to adapt to lower tariffs under JPEPA for Japanese SUVs.

¶6. (SBU) Secretary Favila and the Ambassador agreed that

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neither government is ready to begin negotiations on a U.S. - Philippines Free Trade Agreement (FTA). She noted that our bilateral trade relationship is strong and dynamic, and our Trade and Investment Framework Agreement (TIFA) serves as an effective mechanism to address bilateral trade issues. An FTA may be possible in the years ahead, but the GRP needs to focus in the near term on making progress on key trade and investment issues such as corruption, intellectual property rights, and customs procedures. The Ambassador urged Favila to review closely U.S. FTAs with other countries and the ongoing U.S. FTA negotiations with Thailand and Malaysia in order to begin identifying and addressing issues now. She explained that such preparation would better position the Philippines for a potentially smooth and accelerated future FTA with the U.S. The Ambassador highlighted the complexities of negotiating FTAs since our agreements cover trade, labor, environmental and other key standards.

¶7. (SBU) The Ambassador thanked Favila and the GRP for its support in the WTO Doha Round negotiations. Favila said that the GRP would continue to support the U.S. on agriculture and other areas.

COMMENT

¶8. (SBU) Favila is sympathetic to business concerns and supportive of economic reforms. The Ambassador's meeting reinforced a positive, cooperative relationship and set the stage for continued engagement on trade and investment issues. Since the decision to move the Philippines from the Special 301 Priority Watch list to the Watch List, Favila has taken an enthusiastic interest in IPR issues, which will help maintain high-level attention to key initiatives. The

Embassy is planning a series of roundtable discussions beginning in May between U.S. industry and the GRP in order to foster collaboration and further progress on IPR protection, education, and enforcement.

KENNEY